

USA

California Statewide Program Provides Essential Medicines to Community and Free Clinics

An estimated 6.6 million people in California were uninsured all or part of the year in 2005. Community and free clinics in California serve as an essential component of the healthcare safety-net in the state. Direct Relief's California Clinics Program began in 2003 in response to the state's ongoing budget difficulties, which placed an even larger strain on clinics and the patients they serve. The program has continued, growing annually as rising patient volumes and exceedingly tight funding forces clinics into more difficult situations.

Focused on increasing material donations to clinics with which Direct Relief has long-standing relationships in the local community, the program continues to branch out to other areas of high need. Working directly with the California Primary Care Association's regional clinic groupings, Direct Relief has been able to identify clinics in need of material support.

Since the program's inception in December 2003, Direct Relief has provided \$15.2 million (wholesale) in pharmaceuticals and medical supplies to 80 community and free clinics throughout California.



PHOTO: Margaret Molloy
PERMISSION Venice Family Clinic

Direct Relief has provided \$15.2 million in essential medicines to community and free clinics throughout the state of California.

Direct Relief has been licensed by the California Board of Pharmacy for several decades. To expand its support to the U.S. safety-net clinics, Direct Relief recently became a licensed pharmacy distributor and wholesaler in Alabama, Louisiana, Mississippi, New York, and Texas. This status allows Direct Relief to strengthen ongoing support to resource-strapped clinics and develop efficient channels for emergency response. Direct Relief also has applications pending in several other states.

Nationally Recognized Pharmacist Joins Direct Relief Staff

Direct Relief is pleased to announce that Ruth Smarinsky joined the organization this year to expedite the allocation of products throughout the United States. Ruth primarily works with primary healthcare clinics in Gulf Coast States that suffered greatly after Hurricanes Katrina and Rita. She is also a pharmacist at Clinica Msr. Oscar A. Romero in Los Angeles, California, a community clinic serving more than 15,000 low-income, uninsured patients. Ruth is the former Director of Pharmacy Services at Venice Family Clinic, the largest free clinic in the United States. During her

11 years at the clinic she was responsible for implementing pharmaceutical services and was able to greatly increase the variety of pharmaceuticals available to patients while keeping annual expenditures low. Ruth has also worked in hospital pharmacies, chain drug stores, and has owned a pharmacy. She has been honored with several awards, including a 2003 Medpin (Medications for Patients in Need) award for Pharmaceutical Management. Direct Relief is excited to have Ruth's expertise and background as the organization looks to expand its domestic programs.

DIRECT RELIEF BY THE NUMBERS

First four months of 2007 fiscal year
April 1, 2006 through July 31, 2006

\$32.2 million
wholesale value of medical material aid furnished

11.3 million
people served (courses of treatment provided)

426 tons
of medical material aid furnished

227
number of aid shipments

116
medical manufacturers who contributed products for shipments

\$7.9 million
assistance provided to South Asia

\$6.5 million
assistance provided to Africa

4 million
web site visits

**Healthy people.
Better world.**

In-Kind Donors

From April 1, 2006 through July 31, 2006, Direct Relief International received medical products with a wholesale value of over \$46,592,772. We thank the following corporate medical material donors whose generosity has enabled us to help millions of people around the world.

Abbott
Alcon Laboratories, Inc.
American Diagnostic Medicine, Inc.
AstraZeneca
Baxter International, Inc.
BD
Blue Ridge Medical, Inc.
Boehringer Ingelheim Cares Foundation
Bristol-Myers Squibb Company
BSN Medical, Inc. - Orthopaedics GBU
Carlsbad Technology, Inc.
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Johnson & Johnson
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Companies
Kendall Healthcare, Tyco
Leiner Health Products
Matrixx Initiatives, Inc.
McNeil Consumer &
Specialty Pharmaceuticals
Medical Innovations, Inc.
Medline Industries
Medvantx, Inc.
Mentor Corporation
Merck & Company, Inc.
Microflex
Miltex Instrument Company
Midmark Corporation
Mylan Laboratories, Inc.
Nexxus Beauty Products
North Safety Products
Novartis Pharmaceutical Corporation
Ohm Labs
Pfizer Consumer Healthcare
Reliant Pharmaceuticals
REM Eyewear
Sage Products, Inc.
sanofi-aventis
Sappo Hill Soapworks
Schering-Plough Corporation
SRI Surgical
STADA Pharmaceuticals, Inc.
Taro Pharmaceuticals U.S.A., Inc.
Watson Pharma, Inc.

Corporations Step Up

Baxter

Baxter International, Inc. Assists Indonesia Quake Victims and Partners in El Salvador and Papua New Guinea

In June 2006, Baxter joined Direct Relief's list of donors providing highly needed medical resources to dedicated health providers in the developing world. Baxter initiated their support by contributing urgently needed blood collection bags and I.V. solutions to support relief efforts of Direct Relief partner Muhammadiyah in the aftermath of the May 27 Java earthquake in Indonesia. With the use of Baxter's donations, physicians were able to provide quality care to people suffering from injuries resulting from the earthquake such as broken bones, crush wounds, dehydration, intestinal infection, and lacerations.

Baxter's generous product contributions have also been provided to partners FUSAL in El Salvador and Wewak General Hospital in Papua New Guinea. To date, Baxter has donated \$1.5 million (wholesale) worth of medical supplies and medications to Direct Relief. As a result of Baxter's support, Direct Relief will be better able to meet the specific, critical, and ongoing needs of medical facilities and health programs worldwide.

Unique Corporate/Nonprofit Partners Collaborate to Eradicate Vitamin A Deficiency in El Salvador



A partnership between the United States' largest private label vitamin manufacturer, California's largest humanitarian aid organization, and one of El Salvador's leading nonprofits has initiated a program to eradicate vitamin A deficiency among poor youth in El Salvador.

Direct Relief has collaborated with Leiner Health Products to provide high-dose capsules of vitamin A over a three-year period to El Salvador's FUEM to distribute through its clinic system in the country's poorest regions. Through the partnership, Leiner will provide high-dose supplements of vitamin A that Direct Relief will deliver to FUEM's eye clinics in El Salvador. FUEM, which has provided visual screenings for 63,000 El Salvadoran children, will administer the capsules to patients once every six months for three years.

In September, Direct Relief's Communications Director, Jason Kravitz, will join an executive from Leiner to launch the initiative with the Salvadoran Ministers of Education and Health at FUEM in San Salvador.

According to a USAID-funded national survey (ESANES), one out of every three children under five years of age in El Salvador is vitamin A deficient. Vitamin A Deficiency (VAD) is the most common cause of preventable blindness in children worldwide and leads to increased morbidity and risk of mortality.



Direct Relief CEO Moderates Discussion on Public Health Services at PQMD Meeting in London

The Partnership for Quality Medical Donations (PQMD), an alliance of 27 non-governmental agencies and healthcare manufacturers, held its summer meeting in June 2006 in London, England. The meeting was hosted by member company GlaxoSmithKline and provided the opportunity for members to hold a "transatlantic dialog" with European counterpart nonprofit organizations and medical manufacturers. Direct Relief's Vice President of Philanthropic Investment, Anthoula Randopoulous, has served as chairman of PQMD for the last two years.

Direct Relief's President and CEO, Thomas Tighe, moderated a panel discussing approaches to address those in need of vital public health services who are not served by either the market or existing public systems. Mr. Hans V. Hogerzeil, Director of Department of Medicines Policy and Standards at the World Health Organization (WHO), was one of the panelists.

New Africa Health Initiatives

Direct Relief to Provide Vital Surgical Equipment to Africa

In 2006, Direct Relief launched a program to provide valuable surgical instruments and equipment to hospitals along the eastern coast of Africa. The majority of hospitals in Africa lack the basic equipment needed to perform quality surgery. The vast number of surgical operations there are emergencies and life saving procedures. Yet surgeons have to work with dated, often broken equipment, without adequate lights, using rusty and inadequately sterilized blunt instruments, and limited anesthetics or none at all.

Direct Relief aims to save lives by supplying partner hospitals with first-rate operating room facilities and giving Africa's doctors and nurses hope, as well as the confidence to stay and provide meaningful service in their own countries.

A core group of four Direct Relief partners has been selected to pilot this initiative in 2006-2007: JP Kapnek Trust in Zimbabwe, Mulanje Mission Hospital in Malawi, Kawambwa District Hospital in Zambia, and Mukaranga District Hospital in Tanzania.

Each surgical suite will be customized to meet the needs of the facility and will consist of a mix of in-kind contributions of used, refurbished equipment and new equipment. Surgical data will be gathered from each partner on a regular basis to determine the health impact resulting from the addition of each of these comprehensive suites. In addition, the surgical suite equipment provided will be leveraged by hundreds of thousands of dollars (wholesale) worth of in-kind contributions of specifically requested pharmaceuticals and medical supplies provided by generous corporate partners.

Direct Relief and South Africa's Hospices Collaborate to Improve Quality of Life

Direct Relief has joined with the Foundation for Hospices in Sub-Saharan Africa and the Hospice Palliative Care Association of South Africa to improve the quality of life for hospice patients in South Africa.

Eighty-two percent of people under hospice care in South Africa are HIV positive. The network of hospices and trained hospice workers provide a growing source of palliative care and monitor HIV positive patients on antiretroviral therapy.



In addition to end-of-life care, South African hospices provide long-term care and services to patients and their families. The children above sing songs at a hospice-sponsored educational daycare facility.

Direct Relief will furnish medical products and personal care items to patients in the growing network of hospices, with an initial focus on six anchor hospices in the Eastern Cape region of South Africa. The material resources Direct Relief provides will complement the human resources and technical assistance of our partners.

Hurricanes Katrina and Rita

In the year since the landfall of Hurricane Katrina, Direct Relief has furnished over \$30 million in direct aid to the Gulf States and remains intensely involved in efforts to address both current and long-term needs.

Direct Relief's support efforts have been aimed at both the major anchor facilities that provide specialized services and the network of safety-net clinics that play the key role in caring for people who have little money and no insurance. Both types of facilities have undergone tremendous strain from a surge in patient visits, lack of revenue, and in many cases, storm-related damage.



PHOTO: Touro Hospital
Direct Relief provided essential medicines and supplies to 66 nonprofit clinics, hospitals, and shelters throughout the Gulf Coast region.

Consistent with Direct Relief's longstanding practice, all medical material and financial resources were specifically requested by partner health leaders and professionals from local hospitals, clinics, and health organizations. Direct Relief targeted high-priority needs with material and cash support to help jumpstart local health services, rebuild essential health infrastructure, and enable emergency medical transport.

With the remaining hurricane funds, Direct Relief will continue to invest in the key frontline health facilities in the affected areas serving hurricane victims.

Direct Relief's Hurricane Response

- **Furnished \$26.8 million (wholesale value) of needed medical supplies and pharmaceuticals, constituting 1.66 million courses of treatment through 95 shipments**
- **Disbursement of 87 percent of the \$4.77 million in cash donations received for hurricane relief**
- **Infusion of \$4 million in critically needed cash grants to 34 partner clinics, hospitals, and associations**

Direct Relief's Cash Investments with Hurricane Contributions Have:

- **Helped retain medical professionals in the region with a grant to the Reuben T. Morris Wellness Foundation, who purchased a new medical van to transport patients and deliver supplies to clinics**
- **Supplied the Gulf Coast Health Center with 13 state-of-the-art exam tables to increase the capacity of their clinic sites, which served 14,629 patients following the hurricanes**

Visit www.DirectRelief.org to view an in-depth report about Direct Relief's Katrina and Rita recovery efforts.

2004 Indian Ocean Tsunami

Since the South Asia tsunami in December 2004, Direct Relief has provided **\$44.7 million in direct medical aid** and **\$11 million in cash grant assistance** to support the recovery and advancement of the healthcare infrastructure in India, Indonesia, Sri Lanka, Thailand, and Somalia.

In Indonesia, Direct Relief recently provided \$200,000 to the Meuraxa District Hospital in Banda Aceh to support equipment and supply needs to enhance the facility's obstetric, emergency, and administrative capabilities. The funding will strengthen the hospital's maternal and newborn care through provision of medicine, nutritional supplements, medical supplies and equipment. The main referral hospital in the region will also use funds to enhance emergency care services and improve the efficiency of administrative operations through procurement of technical and medical equipment.

Direct Relief also awarded funding to the Foundation of Goodness, a nonprofit organization in Sri Lanka that works to improve opportunities for the rural community of Seenigama, a coastal enclave near Hikkaduwa on the southern coast. Grant funding will support the operation of the Foundation's Rainbow Clinic, a facility that is meeting the healthcare demands of the high-need population,

many of whom remain in displaced persons camps over 20 months after the tsunami. The funding will cover the costs of a laboratory, related supplies and reagents, and expansion of the Foundation's medical team for 12 months.

The Rainbow Clinic's services are completely free of charge, enabling access for low-income families as well as previously middle income families that lost property, assets, and livelihoods in the tsunami.



Direct Relief funded Sarvodaya to conduct first aid training programs for volunteer community health workers at its 30 health posts that Direct Relief also financed. Sarvodaya recruited another Direct Relief partner, St. John's Ambulance Sri Lanka, to conduct the training on a pro bono basis.

Pakistan Earthquake

Direct Relief has responded to the massive October 2005 earthquake in northern Pakistan by furnishing over \$8.6 million in direct aid through emergency medical shipments and targeted cash grants for Pakistan and Kashmir relief efforts.

The organization recently provided funding for two extensive projects in Pakistan that will cover the operational costs for a prosthetic limb facility for two years and cover the cost of operating three rural health centers for one year.

Direct Relief is currently supporting 20 Basic Health Units (BHU) that have replaced demolished clinics in villages throughout the earthquake zone. The BHUs are vital for women and children, the population most adversely affected by malnutrition and starvation.

In addition, Direct Relief supports 12 hospitals, four mobile medical teams, four rural health centers, three prostheses centers, and three maternal-child health facilities throughout the affected regions.



Children outside of the Village of Hope center in Mansehra, Pakistan, to which Direct Relief provided funding for faculty salaries, medicine, medical supplies, equipment, and office supplies. The center, run by the International Medical & Educational Trust, is a temporary home for 1,000 children orphaned by the earthquake and their living family members.

- **\$7.5 million (wholesale) medical resources furnished**
- **1.5 million courses of treatment of specifically requested medicines, supplies, and medical equipment to care for earthquake victims**
- **\$1,053,032 in cash grants to assist the rebuilding of the health infrastructure**

Indonesia Java Earthquake and Tsunami

During a two month period, both a devastating earthquake and tsunami struck Java, Indonesia killing over 5,000 people. Direct Relief first responded to the earthquake by providing \$4.5 million (wholesale) of medical material aid and over \$136,109 in three targeted cash grants to Indonesian-based partner organizations and colleague U.S. nongovernmental organizations with medical teams.

The medical material aid included antibiotics, wound dressings, sutures, and surgical instruments. Direct Relief also awarded funding to purchase two ambulances and provided supplies and equipment for field clinics to Indonesian-based partner organizations. Direct Relief staff members Annie Maxwell and Brett Williams arrived in Yogyakarta to assist relief efforts within a week of the quake and were able to expedite aid to the organization's partners.

Two months later, a tsunami caused by a strong undersea earthquake off the coast of Indonesia's Java island caused additional loss of life and extensive physical damage. Direct Relief provided three cash grants totaling \$80,553 for the purchase of medicines and medical equipment, operation of mobile medical clinics to deliver potable drinking water to the affected population, and provision of operating costs of mobile medical teams to assist those in need of medical attention.

- **\$4.5 million (wholesale) medical resources furnished**
- **\$216,662 in cash grants to assist the emergency relief efforts**

2006 Shareholders' Meeting

In May, Direct Relief held its fourth annual Shareholders' Meeting at Fess Parker's DoubleTree Resort in Santa Barbara, California. The annual meeting provided the opportunity for Direct Relief to report to its "investors" – both Direct Relief's in-kind and cash donors – about what services the organization provided, who ultimately benefited, the cost-effectiveness of Direct Relief's work, and its plans for the future.

CEO Thomas Tighe reviewed financial and programmatic performance, trends, and future plans. He also addressed how Direct Relief seeks and measures value and leverage in using its resources. The discussion was enriched by the perspectives of Direct Relief partners from domestic and international health programs and a leading U.S. healthcare company.

The meeting featured Dr. Alfred McNair, the head of an informal African-American physicians network along the Mississippi Gulf Coast who was integral in the

provision of health services and rebuilding of the health infrastructure after Katrina; Dr. Jerome Sulubani, the only pediatrician for several hundred square miles in northern Zambia, where most of the people are children who have been orphaned by HIV/AIDS; and Katherine Pickus from Abbott, a key corporate partner of Direct Relief's that has provided over \$13.5 million in cash and medical products.

Due to the unique nature of an annual shareholders' meeting, the *New York Times* covered the event. The *Times* article and video highlights are available on Direct Relief's website, www.DirectRelief.org.

Direct Relief Board Member Sherry Villanueva with Dr. Jerome Sulubani at Direct Relief's Fourth Annual Shareholders' Meeting. Mrs. Villanueva led a group of Direct Relief donors to Zambia where they visited Dr. Sulubani's hospital. The Los Angeles Times covered their trip and the article can be found at www.DirectRelief.org.



PHOTO: Monie Photography

Our Investors

Gifts received from April 2006 to July 2006

Ambassador of Health - (\$100,000 +)

Anonymous
Abbott Fund
Amgen Foundation, Inc.
Santa Barbara Vintners Foundation
Mrs. Grace A. Tickner

Consul General - (\$50,000 +)

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The Orfalea Fund
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Global Emissary - (\$25,000 +)

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World Health Envoy - (\$10,000 +)

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Swift Foundation/MSST Foundation
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The Thomas Collective
Tonto Apache Tribe
Mr. Clint Turner

President's Council - (\$5,000 +)

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Burke, Williams, & Sorensen, LLP
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Minister of Health - (\$2,500 +)

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Thank You

Estate Planning

Please consider remembering Direct Relief in your will or inter vivos trust. Once you do, let us know and we will make you a member of our Legacy Society. For further information, please call Janice Pegrum at (805) 964-4767 x 131.

Events and Activities

Vintners for Humanity

October 2006 to May 2007

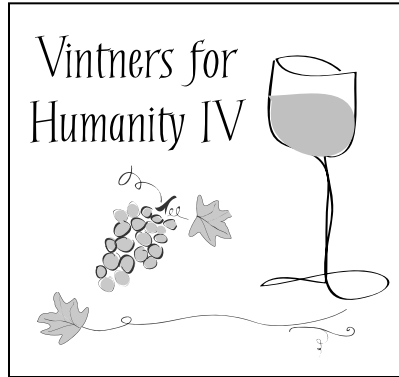
The Hitching Post Winery and Restaurant kicked off Direct Relief's successful fourth annual Vintners for Humanity Winemaker Dinner Series in August. Last year's series raised over \$200,000 for Direct Relief.

Upcoming dinners include:

**Santa Barbara
Boutique Wineries**
October 22, 2006

**Beckmen Vineyards &
The Four Season's Resort**
January 14, 2007

**WINE CASK, Margerum
Wine Company, Firestone
Vineyards**
February 25, 2007



For details about or reservations for any of the activities listed, visit us at www.DirectRelief.org or call Lori Willis at (805) 964-4767 x126.

Save the Date

A Taste of Andalucia at Montalba

Sunday, September 24, 2006

4:00 pm - 7:00 pm

Please join George Schoellkopf and Gerald Incandela for a festive sunset soirée at their private estate in Summerland, California to benefit Direct Relief.

Volunteer Recognition and Open House

Thursday, October 12, 2006

5:00 pm - 7:00 pm

Direct Relief will honor over 80 local dentists who participate in its local Healthy Smiles Dental Program, which has served hundreds of low-income, uninsured children and their family members.



Holiday Open House

Thursday, December 14, 2006

11:00 am - 6:30 pm

Direct Relief welcomes volunteers, donors, and the public to visit the organization. Docent-led tours of our warehouse will be held on the hour and special presentations will be at 12:00 pm and 5:00 pm.

If you prefer to receive this newsletter electronically (and help us save on postage) please send an e-mail to Laurie Ann Tuttle at laurtle@DirectRelief.org.

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